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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

COUNTY OF SANTA CLARA, *et al.*,

Plaintiffs,

V.

U.S. DEPARTMENT OF HEALTH AND
HUMAN SERVICES, *et al.*,

Defendants.

) Case No. 5:21-cv-01655-BLF

**JOINT STATUS REPORT AND STIPULATED
REQUEST FOR ORDER CONTINUING STAY**

Pursuant to the Court's Order of November 1, 2021, *see* ECF No. 39, the parties respectfully submit the following joint status report addressing further proceedings, together with a stipulated request for an order continuing the stay of this action through March 7, 2022.

1. This is an Administrative Procedure Act (“APA”) case in which Plaintiffs challenge a final rule promulgated by the U.S. Department of Health and Human Services (“HHS”) entitled *Securing Updated and Necessary Statutory Evaluations Timely*, 86 Fed. Reg. 5694 (Jan. 19, 2021) (the “SUNSET

1 Rule”). The SUNSET Rule provides, in essential part, that nearly all regulations issued by HHS in Titles
 2 21, 42, and 45 of the Code of Federal Regulations shall expire at the end of (1) five calendar years after
 3 the year that the SUNSET Rule first becomes effective, (2) ten calendar years after the year of the
 4 regulation’s promulgation, or (3) ten calendar years after the last year in which HHS assessed and, if
 5 required, reviewed the regulation, whichever is latest.

6 2. Plaintiffs filed their complaint challenging the SUNSET Rule on March 9, 2021. *See* ECF
 7 No. 1. Plaintiffs alleged that the SUNSET Rule is *ultra vires*, *see id.* ¶¶ 123-30; arbitrary and capricious,
 8 *see id.* ¶¶ 131-33; in violation of the APA’s notice-and-comment requirements, *see id.* ¶¶ 134-39; and in
 9 violation of HHS’s Tribal Consultation Policy, *see id.* ¶¶ 140-44. Plaintiffs further alleged that the
 10 SUNSET Rule threatens imminent and irreparable harm to them and the general public, including by
 11 creating regulatory confusion and uncertainty that will impede their ongoing operations, budgeting, and
 12 planning activities. *See, e.g., id.* ¶¶ 100-02; *see generally id.* ¶¶ 95-122.

13 3. As promulgated, the SUNSET Rule was scheduled to become effective on March 22, 2021.
 14 *See* 86 Fed. Reg. at 5694. Shortly before the SUNSET Rule became effective, HHS postponed its effective
 15 date for one year, to March 22, 2022, pursuant to 5 U.S.C. § 705. *See* 86 Fed. Reg. 15404 (2021). While
 16 HHS did not concede liability, HHS stated that it “believes that the Court could find merit in some of
 17 Plaintiffs’ claims.” *Id.* at 15,405. In particular, HHS stated that, in contrast to its prior findings, it “now
 18 believes it is likely some regulations would expire without any additional process” and that this outcome
 19 raises legal questions about whether “regulations promulgated through notice and comment rulemaking
 20 can be terminated through an umbrella rule without individual consideration of the expiring regulations,
 21 including any reliance interests.” *Id.* at 15,406. HHS further stated that it “may have significantly
 22 underestimated the burden” of the rule and that the rule’s magnitude and timing “may have impeded the
 23 full and deliberate consideration of all the potential issues related to the SUNSET rule.” *Id.*

24 4. On October 28, 2021, HHS issued a Notice of Proposed Rulemaking proposing to withdraw
 25 or repeal the SUNSET Rule. *See* Dep’t of Health & Human Servs., Securing Updated and Necessary
 26 Statutory Evaluations Timely; Proposal to Withdraw or Repeal, 86 Fed. Reg. 59,906 (Oct. 29, 2021).
 27 HHS stated that it “reexamined the SUNSET final rule in light of the allegations in” this case, among other

things. *Id.* at 59,908. The comment period closed on December 28, 2021, and HHS received approximately 80 comments. If the withdrawal rule were to issue as proposed, Plaintiffs' claims in this case may become moot. HHS is also reviewing the Rule in light of Plaintiffs' claims raised in this litigation, and seeks additional time to evaluate the claims and its position before taking further steps in this litigation.

5. The parties therefore jointly request that the Court continue the stay of this action through March 7, 2022, and direct the parties to file a joint status report proposing a schedule for further proceedings by that date.

Date: February 1, 2022

Respectfully submitted,

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29 **LOCAL RULE 5-1(i) ATTESTATION**

30 I attest that I have obtained Jeffrey Dubner's concurrence in the filing of this document.

31 /s/ Steven A. Myers
32 Steven A. Myers

1 [PROPOSED] ORDER
2
3 PURSUANT TO STIPULATION, IT IS SO ORDERED. The case shall remain STAYED through
4 March 7, 2022, by which date the parties shall submit a joint status report proposing a schedule for further
5 proceedings.
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7 Dated: _____
8 HON. BETH LABSON FREEMAN
9 UNITED STATES DISTRICT JUDGE
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